

## CENTRAL INTELLIGENCE AGENCY

## INFORMATION REPORT

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COUNTRY China/Hong Kong/Netherlands

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SUBJECT Chinese Communist Dealings  
in Soybeans

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2. In early March Chinese Communist trade representatives were trying to sell soybeans in Hong Kong, but were unable to provide the gunny sacks to hold the beans because the Chinese Communists lacked the foreign exchange needed to purchase the sacks.
3. In early March Chinese Communist trade representatives provided gunny sacks for approximately 300 tons of soybeans in a transaction which involved a total of about 3,000 tons.
4. In early March the Chinese Communists dropped the selling price of soybeans to a low level in order to attract Japanese buyers and prevent American soybeans from entering the Japanese market.
5. In early March Hong Kong banks financing soybean transactions were requiring a 100 percent margin for a letter of credit to Communist China in order to avoid responsibility for any losses during shipment of the beans by sea from China to Hong Kong.

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1. ☐ Comment. The original letter of credit was probably opened to Goa by the ultimate buyer.

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